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From wildfires to floods, what advisors learned from recent disasters
By Rob Burgess
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For Ajay Vadukul and his clients, the Palisades Fire in Southern California was more than a news story; it was real life.

As vice president of Endeavor Advisors in Torrance, California, Vadukul works with a niche clientele uniquely exposed to disaster risk: Los Angeles Fire and Police Department families.

When the flames broke out just over a year ago, Vadukul was close enough to feel it firsthand, as a smaller fire ignited about 2 miles from his home.

"The air was heavy, the alerts were constant and suddenly you're doing that thing where you start mentally packing a go-bag without even meaning to," he said.

His clients, he said, are not people who have the luxury to "wait and see."

"They worked intense overtime, spent more time away from home, and carried a huge mental and emotional load to help Angelenos get through it," he said. "And for those who lost homes or had to be rehoused, the toll was life-changing."

The long-term recovery from the Palisades Fire is expected to cost billions over the next decade, according to AccuWeather. Total damage and economic loss are estimated at between $250 billion and $275 billion, making it one of the costliest wildfire disasters in modern U.S. history.

The experiences of those who survived the Palisades Fire and other natural disasters highlight real-world planning gaps — lessons that can help advisors better prepare clients for emergencies.

In times of crisis, liquidity is king
The clients who were most prepared were those who had a true emergency fund; a clear exit plan with cash, documents, valuables and logistics; reviewed insurance coverage; and a strategy for accessing money quickly, said Vadukul.

"That's why emergency funds aren't just 'good advice,'" he said. "They're peace of mind."

One tool Vadukul relied on that many advisors overlook is FEMA disaster relief rules tied to federally declared disaster areas. Under Secure 2.0, this includes expanded access to retirement funds — like penalty-free withdrawals — in certain disaster situations.

"No, pulling from retirement accounts isn't ideal," he said. "But during a disaster, a penalty-free option can be the difference between staying stable and spiraling into high-interest debt."

Ali Zane, CEO of Imax Credit Repair Firm in Los Angeles, experienced the aftermath of the Palisades Fire both personally and professionally. He said some clients lost homes valued between $2 million and $8 million, and total losses across his Southern California client base exceeded $50 million.

Zane said the disaster revealed how fragile many clients' preparedness really was. About 60% of his clients had less than one month of expenses set aside in an evacuation fund, despite living in a fire zone.

While he did not experience the Palisades Fire, Brady Lochte, a financial advisor at Axon Capital Management in Georgetown, Texas, dealt firsthand with the July 2025 Central Texas floods, which caused widespread displacement, property damage and temporary loss of access to homes.

During flooding in July 2025 in Hunt, Texas, the Guadalupe River rose around 26 feet in 45 minutes.
Courtesy photo/Brady Lochte

For many, the floods exposed gaps they did not realize existed, including insufficient emergency cash and incomplete insurance coverage, said Lochte.

"Those who had already consolidated accounts and maintained adequate liquidity were far better positioned to respond calmly and decisively when the flooding

occurred," he said.

Safekeeping of documents is essential
When evacuation orders were given, Zane said many families quickly grabbed their pets and photo albums but left behind essential documents.

"They had great homeowner's insurance, but no plans," he said. "Absolutely no insurance, financial or recovery plan document coordination."

Because of this, Zane said he now requires every client in a high-risk location to keep a fireproof safe at home with copies of critical documents, such as property deeds, insurance policies, tax returns, and account statements.

Expect the rebuilding process to be long and costly
Between insurance claims, delays, fraud, paperwork and rising costs, the rebuilding process has been exhausting for Vadukul's clients.

"Materials are still pricey from COVID supply chain issues, and rebuilding has gotten even more expensive with inflation and tariffs," he said.

The Palisades Fire was life-altering for families served by Kelly Cretti, president of the specialty property division at property and casualty underwriting agency Tokio Marine Highland in Dallas.

Some clients temporarily relocated with their families and focused on the tedious task of rebuilding, while others elected to immediately move away and were in a new home and new schools within a week, she said.

New housing laws designed to reduce future wildfire risk, along with permit changes in the state and clean-up delays, have made rebuilding an arduous process, said Cretti. In addition, simultaneous large-scale fires in nearby Malibu and Altadena increased demand for cleanup services and building materials, further delaying the timeline to rebuild for those in the Palisades.

"Local governments are doing their best to expedite the process, but these things take time, particularly if the peril was not expected," she said. "California is also taking a proactive approach to prevent future events by implementing new rebuild laws that require fire-resistant materials to provide better protection against future wildfires."